

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 554 - SB 1160

March 2, 2011

SUMMARY OF BILL: Authorizes the issuance of sales and use tax credits, and franchise and excise tax credits, for investments made in sound recording productions made in Tennessee and state-certified by the Tennessee Film, Entertainment and Music Commission (TFEMC). Limits the issuance of tax credits to any qualified sound recording production company to \$200,000 per year. Limits the aggregate amount of authorized tax credits certified for all investors to \$3,000,000 per year. Requires the Department of Economic and Community Development (ECD) to promulgate rules and regulations, which shall be administered by the TFEMC. Requires the Commissioner of ECD, with input from the Department of Revenue, to prepare a written report concerning the tax credit program for the Finance, Ways and Means Committees of the Senate and House of Representatives before February 1 of each year.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$3,000,000/Recurring

**Increase State Expenditures - \$15,400/One-Time
\$127,900/Recurring**

Assumptions:

- According to ECD, the TFEMC will require two accounting positions.
- The recurring increase in state expenditures for these two positions will be \$127,900 (\$70,000 for salaries, \$27,000 for benefits, and \$30,900 for communications, travel, supplies, printing, etc.). One-time state expenditures associated with the two positions will be \$15,400 (for computers, software, office landscaping, and communications).
- \$3,000,000 in tax credits will be issued each year resulting in a recurring decrease in state revenue of \$3,000,000 per year.

CERTIFICATION:

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The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc